



Company Report: Vietnam International Joint Stock Commercial Bank (VIB)

CVPT

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Update Q3/2022 Results: Intact NIM and PBT

BUSINESS PERFORMANCE

PBT continues to grow compared to the 2 previous quarters. PBT in Q3 increased 49%yoy.

Credit growth was recorded at 11%ytd, derived from a rapid expansion in mortgage which increased 22.3%ytd.

NIM stays intact at 4.5%, equivalent to the Q2 level, making VIB among the few banks to maintain NIM in Q3 despite the headwinds in the interest rate hikes environment.

Banking management is still doing well with NPL being under 2%, and declining restructured loans while CAR was stable at 12.4%.

COMMENT

The bank is stubborn in engaging in retail banking and digitalization. Following that, the credit card spending/people of VIB stayed highest in the banking system. Digitalization and dynamic card products help the bank to rapidly expand service fees while improving cost management (lower CIR).

The impact of the recent corporate bond events is not material to VIB thanks to the consistent strategy focusing on retail banking with a retail lending book proportion of 90%.

VIB now is having around 1% remaining credit room to tap the 13% limits. The bank would likely achieve the business plan this year with a PBT of around VND10,500 bn.

We recommend “outperform” with VIB stock.

Recommendation:

 -
 (Maintained)

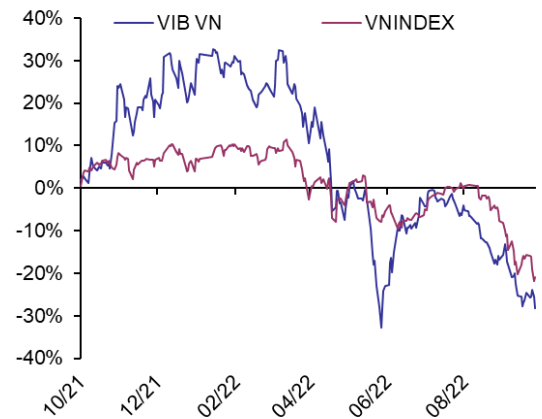
6-18m TP:

-

Current price:

VND19,900

Price performance



Price change	1 M	3 M	1Y
Abs. %	-15.5	-28.0	-28.9
Relative to VN index	-30.9	-45.8	-57.2
Avg price (VND)	20,437	23,177	28,240

Sources: Bloomberg, Guotai Junan (VN)

12/31	TOI (VND b)	Net Profit (VND b)	EPS (VND)	EPS (Δ%)	BPS (VND)	DPS (VND)	Yield (%)	NIM (%)	CIR (%)	ROE (%)
2020A	11,216	4,642	4,096	5.19%	11,574	-	0.00	4.30%	-39.81%	29.57%
2021A	14,891	6,410	4,067	-0.71%	11,526	-	0.00	4.40%	-35.47%	30.33%
2022F	18,626	8,523	4,044	-0.56%	18,201	-	0.00	4.50%	-35.00%	30.00%
2023F	21,572	9,837	4,668	15.42%	22,869	-	0.00	4.50%	-35.00%	30.00%
2024F	25,048	11,500	5,456	16.90%	28,325	-	0.00	4.69%	-35.00%	30.00%

Shares in issue (m)	2,107.67	Major shareholder (%)	CBA 20%
Market cap (VND b)	41,942.69	Free float (%)	55%
3- month average vol. ('000)	1,974.94	LDR (%)	74
52w high/low (VND)	36296 / 17900	CAR (%)	12.4

Sources: the Company, Guotai Junan (VN).

Profit keeps strong momentum

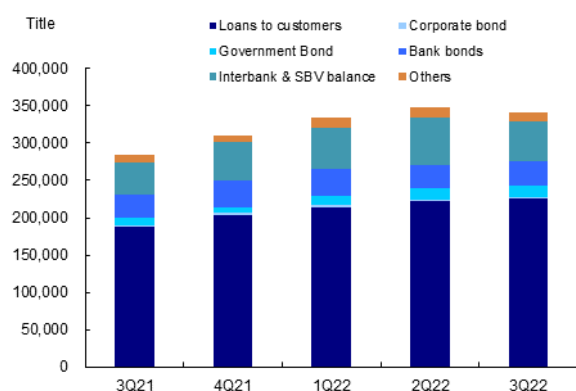
VIB continued to maintain the continuous growth momentum in the first 3 quarters of the year with Q3 profit reaching nearly VND 2,800 billion. The high profitability was sustained by NII growth of 43% yoy and 3.67% q-o-q. Accordingly, the bank maintained an intact NIM compared to the previous quarter despite the increased pressure on deposit rates. Offshore funding packages that have been disbursed and are expected to be disbursed this quarter will actively support the bank to mitigate the pressure from the SBV's recent interest rate hikes.

During the period, non-interest income decreased compared to the previous quarter due to a decrease in net fees as well as a larger loss in investment activities.

The bank sticks to its strategy of focusing on the retail segment. Accordingly, during the past 5 years, retail loans have increasingly expanded in the VIB's lending book which now is accounting for 90% of VIB's outstanding loans.

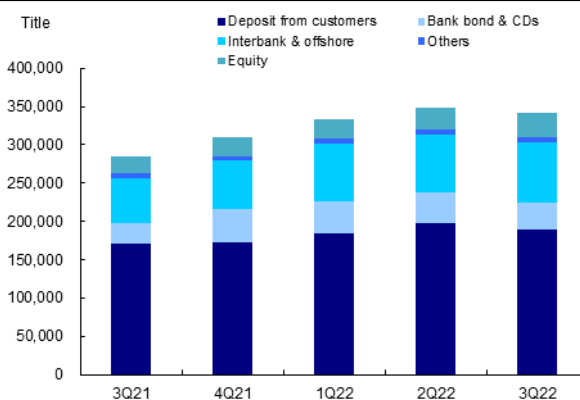
Meanwhile, the portfolio of real estate loans and real estate bonds only accounts for about 0.5% of total credit (about VND 1,000 billion), helping VIB to avoid the negative impacts from recent bond-related events.

Figure-1: Asset mix



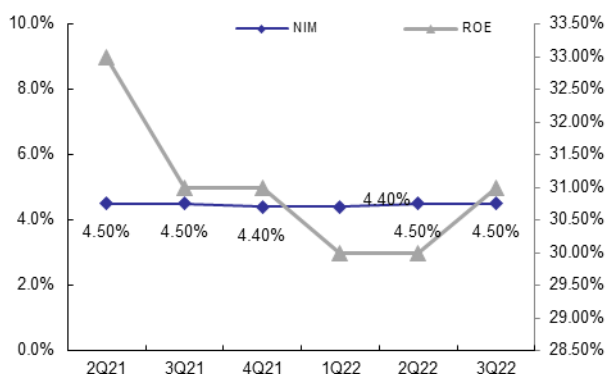
Source: VIB, Guotai Junan (VN).

Figure-2: Funding mix



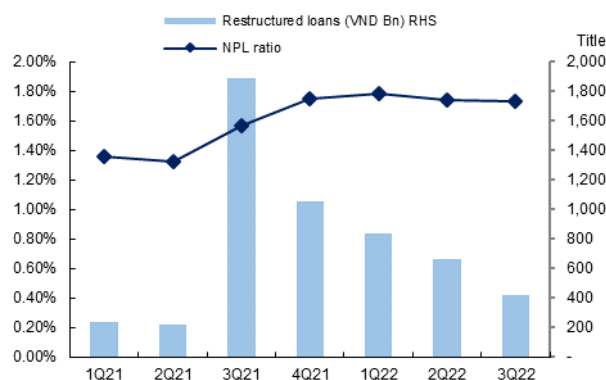
Source: VIB, Guotai Junan (VN).

Figure-3: Profitability



Source: VIB, Guotai Junan (VN).

Figure-4: Asset quality



Source: VIB, Guotai Junan (VN)

COMPANY RATING DEFINITION

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

Rating	Definition
Buy	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
Accumulate	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
Reduce	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
Sell	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

SECTOR RATING DEFINITION

Benchmark: VN – Index

Time Horizon: 6 to 18 months

Rating	Definition
Outperform	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
Underperform	Relative Performance is lower than -5% OrThe Fundamental outlook of the sector is unfavorable

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VIB (VIB)

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